Trumpeting the Issues without Becoming the Issue:
Selective Use of CEO Voice

The Yale Club of New York City & The New York Public Library | June 4 - 5, 2019
Agenda

The Courage to Stand Alone: CEO Voice & Virtue

COMMENTS
Edward W. Stack, Chairman & CEO, DICK’S Sporting Goods
Adam F. Falk, President, Alfred P. Sloan Foundation
Farooq Kathwari, Chairman, President & CEO, Ethan Allen
David W. Miller, Director, Faith & Work Initiative, Princeton University
Joe Straus, Speaker (2009-2019), Texas House of Representatives
Greg Fischer, Mayor, Louisville, Kentucky
Bryan K. Barnett, Mayor, Rochester Hills, Michigan
Sarah Keohane Williamson, Chief Executive Officer, FCLT Global
Kip Tindell, Co-Founder & Chairman, The Container Store
Halla Tómasdóttir, Chief Executive Officer, The B Team
Amitabh Shah, Founder, YUVA Unstoppable

RESPONDENTS
Doug Parker, Chairman & CEO, American Airlines Group
David P. Abney, Chairman & CEO, UPS
David M. Solomon, Chairman & CEO, The Goldman Sachs Group
W. Rodney McMullen, Chairman & CEO, The Kroger Co.
David Bach, Deputy Dean for Academic Programs, Yale School of Management
Steve Odland, President & CEO, The Conference Board
OPENING REMARKS

Kevin Rudd, President, Asia Society Policy Institute; 26th Prime Minister of Australia
Ashton B. Carter, 25th U.S. Secretary of Defense; Author, Inside the Five-Sided Box
Lloyd C. Blankfein, Senior Chairman, The Goldman Sachs Group
David P. Abney, Chairman & CEO, UPS
Sara Eisen, Co-Anchor, Closing Bell, CNBC

COMMENTS

David J. Shulkin, 9th U.S. Secretary of Veterans Affairs
Mark Fields, Former President & CEO, Ford Motor Company
John D. Negroponte, Deputy Secretary (2007-2009), U.S. Department of State
Robert D. Hormats, Under Secretary (2009-2013), U.S. Department of State
Ellen J. Kullman, Chair, Paradigms for Parity; Retired Chair & CEO, DuPont
James M. Loree, President & CEO, Stanley Black & Decker
Stephen S. Roach, Senior Fellow, Yale Jackson Institute
Rick Goings, Executive Chairman, Tupperware Brands Corporation
Stefan M. Selig, Under Secretary (2014-2016), U.S. Department of Commerce
Adam Norwitt, President & CEO, Amphenol Corporation
Philip Lader, Ambassador to the UK (1997-2001), U.S. Department of State
Nicholas T. Pinchuk, Chairman & CEO, Snap-on Incorporated
Tamara L. Lundgren, President & CEO, Schnitzer Steel Industries
Chen Xu, President & CEO, Bank of China USA

RESPONDENTS

Katherine E. Fleming, Provost, New York University
John S. Lapides, President, United Aluminum Corporation
Raymond V. Gilmartin, Former Chairman, President & CEO, Merck & Co.
John W. Jackson, Retired CEO, Celgene
Jing Tsu, Chair, Council on East Asian Studies, Yale University
Barry Nalebuff, Professor, Yale School of Management
Lally Graham Weymouth, Senior Associate Editor, The Washington Post
Quinn Mills, Professor Emeritus, Harvard Business School
Marshall W. Meyer, Professor Emeritus, Wharton; Senior Advisor, Haier Group
Michael F. Holland, Chairman, Holland & Company
Christopher Shays, Member of Congress (1987-2009), State of Connecticut
Adil Rahmathulla, Co-Founder & Partner, I Squared Capital
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Revising the Rules: CEO Voice & Fairness

OPENING REMARKS
David M. Solomon, Chairman & Chief Executive Officer, The Goldman Sachs Group
Stephen A. Schwarzman, Chairman & CEO, Blackstone
Roger McNamee, Managing Director, Elevation Partners; Author, Zucked
Andrew Ross Sorkin, Editor, DealBook, The New York Times; Co-Anchor, CNBC

COMMENTS
James S. Chanos, Founder & Managing Partner, Kynikos Associates
Timothy J. Sloan, Retired President & CEO, Wells Fargo & Company
Jeffrey M. Solomon, Chief Executive Officer, Cowen
Daniel S. Glaser, President & CEO, Marsh & McLennan Companies
Richard H. Pildes, Professor of Constitutional Law, New York University
John H. Clippinger, Co-Founder, TokenMaster
W. Matthew Kelly, Chief Executive Officer, JBG Smith
Gary P. Naftalis, Partner & Firm Co-Chair, Kramer Levin Naftalis & Frankel
Catherine M. Keating, Chief Executive Officer, BNY Wealth Management
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David Faber, Co-Anchor, Squawk on the Street, CNBC
Joseph Lubin, Founder, ConsenSys Systems; Co-Founder, Ethereum
Tina Kuhn, President & CEO, CyberCore Technologies; Author, The Manager's Communication Toolkit
Steven Lipin, Founder, Chairman & CEO, Gladstone Place Partners
Frederick Frank, Chairman, Evolution Life Science Partners
Courtland L. Reichman, Managing Partner, Reichman Jorgensen
Lu Córdova, Past Director, Kansas City Federal Reserve; Chair & CEO, Techstars Foundation
Glenn R. Fuhrman, Managing Partner, MSD Capital
Sean J. Egan, Managing Director, Egan-Jones Ratings Co.
Edward C. Forst, Managing Partner, RGSV Asset Management
Ralph E. Reed Jr., Chairman & CEO, Century Strategies; Founder, Christian Coalition
Mark Penn, President, The Stagwell Group; Former Top Clinton Campaign Strategist

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Bruce Batkin, Vice Chairman, Terra Capital Partners
Heather E. Tookes, Professor of Finance, Yale School of Management
Igor Kirman, Partner, Corporate, Wachtell, Lipton, Rosen & Katz
Thomas J. Manning, Former Chair & CEO, Dun & Bradstreet
Adam L. Gray, Co-Founder & Managing Partner, Coliseum Capital Management
Jeffrey Bewkes, Chairman & CEO, Time Warner Inc. (former)
OPENING REMARKS
Ginni Rometty, Chairman, President & CEO, IBM
Indra K. Nooyi, Chairman & CEO (2006-2018), PepsiCo
Doug Parker, Chairman & CEO, American Airlines Group
Ivan Seidenberg, Retd. Chair & CEO, Verizon, Author, Verizon Untethered
W. Rodney McMullen, Chairman & CEO, The Kroger Co.
Alex Taylor, President & CEO, Cox Enterprises

COMMENTS
Carlos Rodriguez, President & CEO, ADP
Joel N. Myers, Founder & CEO, AccuWeather
Valerie B. Palmieri, President & CEO, Vermillion
Nigel Travis, Chairman, Dunkin’ Brands
Alan J. Patricof, Managing Director, Greyrock Partners
Kay Koplovitz, Founder, USA Networks; Managing Partner, Springboard Growth Capital
Joanne Lipman, Former Editor, USA Today; Author, That’s What She Said
Mary C. Tanner, Senior Managing Director, Evolution Life Science Partners
David J. Stern, Commissioner Emeritus, National Basketball Association
Tom Rogers, Executive Chairman, WinView
Joseph Lhota, SVP, NYU Langone Medical Center; Chairman & CEO, MTA
Suzanne Greco, Retired President & CEO, Subway Restaurants
Jonathan Mariner, Founder & President, TaxDay; Ret. EVP & CFO, Major League Baseball
Sanford R. Climan, President, Entertainment Media Ventures
Mark D. Ein, Chairman & CEO, Capitol Investment Corp.
Melanie Kusin, Vice Chair, Korn Ferry
Morgan Brennan, Co-Anchor, Squawk Alley, CNBC
Michael Apkon, Chief Executive Officer, Tufts Medical Center
Steve Papa, Founder, Chairman & CEO, Parallel Wireless
Anthony W. Marx, President & CEO, The New York Public Library

RESPONDENTS
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Seth Feuerstein, Chief Executive Officer, Oui Health
 Benn R. Konynski, Professor, Goizueta Business School, Emory University
Stacy J. Kenworthy, Chief Executive Officer, HellaStorm
Andrew McConnell, Chief Executive Officer, Rented.com
Murray Wright, President & CEO, TESSCO Technologies
Arvind Bhambri, Professor, Marshall School, University of Southern California

Maverick in Leadership Award: Edward W. Stack, Chairman & Chief Executive Officer, DICK'S Sporting Goods

PRESENTATION
Farooq Kathwari, Chairman, President & CEO, Ethan Allen
Kay Koplovitz, Founder, USA Networks; Managing Partner, Springboard Growth Capital
Bill Peduto, Mayor, Pittsburgh, Pennsylvania

Legend in Leadership Award: Virginia M. (Ginni) Rometty, Chairman, President & CEO, IBM Corporation

PRESENTATION
David P. Abney, Chairman & CEO, UPS
Ellen J. Kullman, Chair, Paradigms for Parity; Retired Chair & CEO, DuPont
Indra K. Nooyi, Chairman & CEO (2006-2018), PepsiCo
The Courage to Stand Alone: CEO Voice & Virtue

Overview
There are times when leaders must have the courage to step up and stand alone. And leaders from all walks of life are doing so—including business leaders, community leaders, nonprofit leaders, academic leaders, and religious leaders.

However, among business leaders, some believe that CEOs should be engaged but should be apolitical, neutral, and should stay above the political fray. They argue that expressing moral or political views will cause business leaders to lose power and devolve into politicians. But others disagree. They argue that the very definition of leadership is having the moral courage to take a stand, even if unpopular among some. These individuals also believe that speaking up and having a point of view can help attract talent, customers, and capital. There is no question that business leaders should speak up; the only questions are when and how.

Context
Panelists and CELI participants reflected on when it is appropriate for leaders to speak up. Among the panelists for this session were business leaders, mayors and community leaders, nonprofit leaders, academic leaders, and faith leaders.

Key Takeaways
Leaders across society must have the courage to stand up.

The needs of society, in the U.S. and internationally, are enormous and will not be addressed by sitting idly by. Leaders must have the courage to stand up, use their voice, and drive action. Leaders from all parts of society discussed situations where they find it essential to use their voice and position.

• Municipal leaders. Across the country, mayors represent citizens who view immigration as an employment issue, an economic issue, and a moral issue. People want and expect their mayor to speak up for them. As one of the almost two dozen mayors in attendance said, “As mayor, I need to stand up and be heard.”

• Business leaders. Participants recognized the courage of DICK’S Sporting Goods CEO Edward Stack in standing up and discontinuing sales of certain types of guns, a decision that hurt his company’s profits and angered some customers. Stack wasn’t acting based on shareholders’ interests; he acted on what he thought was the right thing.

• Nonprofit leaders. Amitabh Shah, founder of YUVA Unstoppable, saw that most schools in India have no running water and no toilets. He has stood up, built support, and has now upgraded the water and toilets at about 1,000 schools in India.

• Academic leaders. Many fields within academia continue to be dominated by men. But that is changing because academic leaders are standing up, demanding increased diversity.

These examples, and others, showed leaders having courage based on their personal convictions and based on seeing others who needed a strong and vocal leader to act on their behalf.

There is a growing sense that businesses and communities must act differently.
A new generation of business and community activists is demanding change. As one participant stated, “Business as usual is no longer an option.” The capitalistic system has produced short-termism, high levels of inequality, and low trust in business.

Many people believe there is a better way to do business, which starts with embracing purpose-driven leadership. Some leaders believe that companies that are led based on purpose and values will increasingly have success in attracting talent, customers, and capital.

The desire for change is not limited to companies. One mayor explained that the dissension and division in the country that was so visible after Charlottesville, and is witnessed through countless acts of violence, has led many community leaders to conclude, “We are all in this together.” Mayors in particular are making concerted efforts to bring together communities.
CEOs must use their voice, but there was not agreement about when and how.

A former state legislator said that legislators in his state respected and listened to business leaders. He commended senior leaders from companies such as AT&T and American Airlines for choosing to use their voice and weigh in on certain important policy matters affecting the state. A former congressman said to CEOs, “It is not if you speak; the key is how you speak.”

But the CEOs and business leaders had differing thoughts about when and how business leaders should participate in public policy conversations. Among the views expressed were:

• **Exhibit stewardship.** One prominent business leader sees the need for business leaders to be engaged in policy-related topics like taxes and trade, but to avoid partisanship, rise above the moral fray, and “be the adults in the room.” This leader believes that if CEOs delve into moral or political issues then CEOs will lose power and will be just like politicians.

• **Policy decisions are personal.** Some participants applauded Merck CEO Ken Frazier’s courage to resign from a presidential advisory board in the aftermath of Charlottesville, while others felt he should stay engaged and by resigning was taking a political position, which doesn’t benefit his company. A leading CEO said that each leader has to look at their own core values to decide when to take a position and when to abstain and stay out of the spotlight. He saw Frazier acting consistent with his own personal values, which every CEO must do.

• **Have moral courage.** Others equated the idea of “stay above the fray” as staying out of important, relevant moral issues. One participant said, “That’s not leading,” and noted that millennials want CEOs to speak up on moral issues.

Another participant described the terms “moral neutrality” and “moral courage.” A person with moral neutrality might have the highest moral character, but they remain neutral by not speaking up. In contrast, those with moral courage have the courage to speak out. This individual called on CEOs not to be neutral but to have courage.

• **Have a long-term focus.** One participant sees the short-termism of the capital markets as a major policy issue. She described efforts to make capital markets more long-term oriented, which includes advocating to kill quarterly financial guidance.
Overview
U.S. business leaders agree with the need to confront China on trade, yet the majority don’t support Trump’s blunt-tool, tariff-based trade strategies. Policy experts would prefer using a coalition to exert leverage with China; most business leaders want greater certainty about the global economy and about global and regional trade. Uncertainty creates reluctance to invest. There is hope that the U.S. and China will reach a trade deal, as it is believed to be beneficial for both countries, but there is skepticism about a meaningful deal in the near term.

Context
Participants reviewed political and economic situations across the globe, with a particular focus on the prospects for a U.S./China trade deal.

Key Takeaways
CELI participants expect Biden to beat Trump in the presidential election.

In a real-time poll of CELI participants, an overwhelming majority (67%) expect Joe Biden to win the Democratic primary. A slim majority (53%) expect Biden to beat Trump in the 2020 presidential election.

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<th>Yes</th>
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<tr>
<td>I think Joe Biden will win the Democratic primary.</td>
<td>67%</td>
<td>33%</td>
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<tr>
<td>Would Joe Biden beat Donald Trump?</td>
<td>53%</td>
<td>47%</td>
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If not Biden, other candidates whom participants believe might win the Democratic nomination are Kamala Harris (38%), Pete Buttigieg (18%), and Elizabeth Warren (11%).

In thinking about President Trump, few people expect him to change in preparing for the next election, with only 13% expecting him to pivot more to the center. Fewer than half of participants (39%) think he should be impeached.

CELI participants are skeptical of a near-term U.S./China trade deal.

Several U.S. business leaders applauded President Trump for finally getting tough with China on trade.

These CEOs view a tough approach as the only way to get China’s attention and change China’s behavior. CEOs said that previous efforts to persuade hadn’t yielded results. One CEO said sarcastically, “Did you really expect them to change if we asked nicely?

CEOs stressed that any trade deal with China must include strong intellectual property protections, greater access to the Chinese market, closing the gap on existing tariffs, and strong enforcement mechanisms for unfair competition, such as practices like dumping steel. A steel company CEO said the World Trade Organization is in crisis, highlighting the importance of a direct trade deal with China that includes fair and dynamic enforcement mechanisms.

Astute political observers believe that both China and the U.S. need a trade deal. China needs an agreement for macroeconomic reasons and as Trump heads towards his reelection campaign, he wants a strong economy and wants to declare victory on China for political reasons. But despite strong belief that a trade deal would be beneficial to both countries and both of their leaders, optimism that a deal is imminent has come to a screeching halt.

“Both sides have interest in a deal, but the timing is bad.”

Supposedly China’s Politburo had not been able to review the terms of the trade deal. When members of the Politburo were able to review it, they found it unequal and rejected three key terms, laying out red lines that now make getting to a deal more difficult. One participant said, “China had a major rethink.”

In conjunction with this rethink, China has dramatically increased its nationalistic rhetoric to secure support from the population and has provided additional stimulus for its economy. This sequence of events makes a deal less likely in the short term. Some think a trade deal is still possible with some concessions on both sides and will be more likely after the anniversary of the PRC in October.

While generally supporting a tougher stance with China, few CEOs support Trump’s trade strategy.

Despite the vocal support of several CEOs for taking a tough stance with China, the majority of CELI participants (78%) are skeptical that Trump’s tariffs-based approach will work. Several participants

Keeping Your Head Above Water: CEO Voice in Turbulent Global Seas

CELI participants expect Biden to beat Trump in the presidential election.

Byron W. Brown, Mayor, Buffalo, New York

Stephen A. Schwarzman, Chairman & CEO, Blackstone

Levar Stoney, Mayor, Richmond, Virginia, and Libby Schaaf, Mayor, Oakland, California

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observed, “I don’t see U.S./China trade negotiations as landing any time soon.”

Will the President’s trade strategy work?

1. Yes
2. No

One journalist said, “Lots of CEOs support the President with China but are dubious of his strategy.” Some participants believe a better strategy would be working with allies as a coalition to pressure China to change its trade policies rather than the U.S. going it alone.

Several participants see Trump’s efforts to close trade gaps as misguided and are concerned that his use of tariffs is a blunt tool for economic, industrial, and foreign policy. For businesses, tariffs increase uncertainty and unpredictability, increase costs, disrupt supply chains, and can decrease investment.

Participants also noted that trade tensions between China and the U.S. have caused lasting damage to some U.S. brands. While previously the Chinese craved many U.S. brands, they have become more reluctant to purchase U.S. brands, hurting the business of U.S. companies.

Tensions with China are about more than just trade.

While the discussion about U.S./China relations was largely focused on trade, several participants see this as just the start of long-term friction between two fundamentally different economic and political systems, for which there is no playbook.

“This is not just a trade dispute. It is also about security and the preeminence of technologies. We may be able to address some trade issues, but it is about a lot more friction.”

One participant asked, “How do you compete with a totalitarian economy?” When America’s major global rival was the Soviet Union, the playbook was clearer, because America didn’t trade with the Soviet Union. But the U.S. and China are major trading partners, making it more complicated. These tensions are being seen in areas such as semiconductors and telecom equipment.

As Chinese firms grow larger and gear up to compete globally, they receive support from the government. At times it is difficult to distinguish between Chinese companies and the Chinese government. As China supports its industries and companies, many U.S. firms want the U.S. government to stick up for them.

A ripple effect of the tensions with China is the impact on higher education in the United States. There are currently 375,000 Chinese students at U.S. higher ed institutions, accounting for $15 billion in funds. But tensions between the countries is resulting in a decrease in the number of applications from Chinese students, which will hurt U.S. universities.

A quick review of other countries shows concerns across the globe.

Participants with experience in countries around the world shared quick perspectives on multiple countries and regions.

• Iran. In a short discussion about Iran, a former government official sees value in trying to modify the agreement with Iran. But going to war with Iran makes no sense.

• North Korea. Not much has changed with North Korea in the past few decades. Despite Trump’s overtures, North Korea has no plans to denuclearize. A former official believe Trump has made two major errors: he gave North Korea a meeting for free without demanding concessions and he curbed military exercises, which are a deterrent, while adopting North Korea’s propaganda language.

• Europe. A former U.S. ambassador in Europe views it as impossible to predict what will happen with Brexit.

• Mexico. Whatever mild support Trump has among business leaders for a tough approach towards China does not extend to Mexico. CELI participants don’t want Trump to impose tariffs on Mexico and don’t want tariffs to become commonplace as a tool for negotiating with allies. Participants are concerned tariffs on Mexico could have major disruptions to North American supply chains, affecting
industries including food and automotive. Most participants prefer diplomatic approaches with Mexico rather than tariffs. One participant stressed, “We can’t fight too many [trade] wars at the same time and we’ve got to take care of North America first.”

- Australia. Few CELI participants had knowledge of or opinions about the recent Australian elections. One notable U.S. tax opponent who assisted an Australian anti-tax group said the results in Australia reflected a referendum on a carbon tax. But a former Australian political leader viewed this assessment as rubbish. He thinks Australians voted for leadership that articulated a better future vision and was less divisive. There was no larger lesson about carbon taxes.
Revising the Rules: 
CEO Voice & Fairness

Overview
The landscape for external communication is often unfair and tilted against CEOs and companies. It is the job of CEOs to testify before Congress, interact with the media, respond to a crisis, and deal with an activist investor. A great deal is riding on how effectively a CEO uses his/her voice and represents the company. CEOs must be calm, authentic, and build trust.

Context
Panelists and participants discussed many of the challenging situations in which CEOs must use their voice to represent their company.

Key Takeaways
Part of the job of a CEO is to be the face and voice of the company, in all situations.
CEOs prefer to be strategic, proactive, and in control of the situation and the message. But in many situations requiring the CEO’s voice, the CEO is not in control and must be reactive.

Consider these challenging and often unfair situations:

- **Congressional testimony.** CEOs are often required to testify in Congress, where elected officials routinely play to the camera in a game of Congressional theater. One former congressman said CEOs play an important role in educating elected officials, but others with significant experience in this process find the on-camera sessions to usually be wasteful and purely theatrical. Real education of elected officials and staff takes place in meetings behind the scenes.

Several examples were shared of pure Congressional grandstanding, with no legitimate attempt to gain facts or educate the public. CEOs are just a prop for elected officials who want to create soundbites for their constituents. A CEO who had recently been subject to hours of Congressional testimony with officials who had no understanding of the subject or the questions they were asking said the key is maintaining your cool, not saying the first thing that comes to mind, and remembering that your job is to represent your many hardworking employees.

- **Media interviews.** CEOs must also use their voice in representing their company to the media, which sees its role as filtering information and presenting the most important and often most provocative headlines and soundbites to the public. The media was faulted by one participant for not showing the true context and theater that often occurs in Congressional testimony and elsewhere. CELI participants lack trust in the media for being too short-term oriented and for conflating good and bad CEOs.

- **Crisis situations.** Inevitably companies will experience unexpected crises. When this occurs, the CEO must serve as the face of the company, offering compassion and facts. In many instances, other parties, including the media, may be communicating a narrative that is untrue. Countering this narrative can be extremely difficult. A crisis can involve a natural disaster, loss of life, a legal situation, or a sensitive personnel situation.

Boeing serves as an example. Despite Boeing’s reputation as one of America’s most important, most well-respected companies, even knowledgeable CELI participants were critical of the company’s handling of the recent Boeing Max 737 crisis. Participants didn’t think the situation was handled well and gave the company’s CEO a poor grade.
The success of several CEOs at the Summit in countering activist investors, educating them, and at times working with them shows that concerted communication strategies related to activists can yield successful outcomes.

In all communication CEOs’ key objective is to build trust.

CEOs who have used their voice in some or all of the situations described above shared advice from their experiences. They recommended preparing thoroughly, staying cool even when provoked, speaking clearly and concisely, staying on point, and resisting the temptation to try to win an argument. Keep in mind that the ultimate goal is to build trust for the company.

“The key is conveying trust and authenticity.”

CEOs can’t use their voice for everything; they must prioritize.

In using her voice, IBM CEO Ginni Rometty has learned that she needs to be extremely selective when speaking out. When she does speak she has to be explicit.

Rometty has developed the following three lenses to help her decide when to use her voice:

1. On matters impacting trust in IBM, which can include the use and protection of data, the impact of AI on jobs, and discussing IBM’s purpose.
2. On topics related to IBM’s responsibility to society, such as participating in educating the next generation of technology workers.
3. On matters involving diversity and inclusion, which is the key to creating an inspired, productive workforce of the future.

There are many other topics that Rometty could use her voice for, but she has realized that she can’t speak out on everything and must be judicious and selective in deciding what to speak out on. She has also learned that regardless of what she says, her actions speak louder than her words.
Breaking through the Tech Clouds: CEO Voice and Clarity

Overview

CEOs understand that digital technologies are transforming business. But there are significant concerns about the power of the major Silicon Valley tech companies. These companies are leveraging business models that monetize data to gain tremendous market power and to turn other companies into peripherals. At the same time, these companies’ platforms—especially Facebook—are being used by bad actors to threaten democracy. Even avowed capitalists and technologists are worried.

But technologies are also being used to solve problems. Examples include to improve the trust and credibility of journalism, to improve the transparency of stock transactions, and to help companies manage their data securely.

Context

Panelists discussed concerns about technology and opportunities being presented in all industries.

Key Takeaways

There is growing concern about the power of the major tech companies.

Knowledgeable technologists and technology investors expressed great concern about the power of Google, Facebook, and Amazon, especially related to the control and use of data. One participant said these companies don’t own the means of production, but they do own the means of connection. The result is the ability to aggregate massive amounts of users and data that turn these companies into monopolies. A technology investor termed these companies “modern robber barons” who use their near monopolistic power to turn other industries and companies into peripherals.

Other comments included:

- Facebook’s platform and data has been used by bad actors to influence ignorant, powerless people. This has occurred in the U.S. presidential election, in the U.K. Brexit election, and elsewhere. Facebook’s leaders have viewed this as a PR problem and haven’t taken responsibility. They don’t realize how their platform is being used to erode trust in democracy and haven’t responded with the appropriateness it deserves.

“Facebook is eroding trust in democracy.”

- Since everyone uses Google all the time, it has essentially become a utility. It has used its power to control the digital advertising market, among other things.

- Amazon now controls the publishing industry and uses its power to capture a majority of the value.

A technology venture capitalist noted that any business that depends on Facebook or Google is not doing well. He won’t invest in a company with a business model predicated on ad revenue because that company will get destroyed by the tech titans.

Several participants termed the current situation a crisis and a threat to society. Even several ardent capitalists and long-time investors in tech companies want to see increased regulation of tech.

“The business community must agree that laissez faire doesn’t work for data.”

But others who have seen other new technologies and emerging threats over the years have little confidence in the ability of government to use regulation to solve the problem. As one former CEO said, “The government never once fixed anything. The market will fix it over time.”

Other participants noted that while Facebook, Google, and Amazon dominate online advertising, these companies have not yet made significant encroachments into health care—though all have initiatives under way to do so.

One of the issues in health care is that several parties seem to think that they own a patient’s medical data, except for the patient, who should be the rightful owner of the health data. In fact, one participant suggested that employers could work together to shape how health data is handled. A long-term concern of a knowledgeable health care insider is that somehow deidentified patient data will be exposed. The government is not moving fast enough in developing legislative and regulatory responses.
Despite concerns about technology, participants see technologies providing solutions.

Participants are concerned about technologies that are proprietary, closed, and give the owner access to data. But there is great interest in technologies that are open and secure. Three examples are:

- **Civil.** This is a community journalism platform that uses blockchain technology. The intent is to eliminate fake news by improving the trust and credibility of content. The idea is to empower citizen journalists with a trusted network that is certified and validated. The business model is not clear, nor is it clear if people are demanding validated news (since false news seems to generate plenty of attention). But there is enthusiasm for this experiment to see if it works technically and practically.

- **IEX.** This is a new stock exchange that challenges the incumbent exchanges by using technology to decrease trading complexity and increase transparency. Despite strong opposition from the incumbents, IEX has achieved about a 3% market share and executed more than $10 billion in trades per day in the fourth quarter of 2018. In this instance technology is increasing transparency, decreasing costs, and eliminating market distortions.

- **Hybrid clouds.** The singular concept of “the cloud” is becoming multiple clouds. IBM envisions organizations having a combination of on-premise systems along with both public and private clouds, which together comprise a hybrid cloud. Hybrid clouds will provide greater security, control, and scalability.

Innovation in technology will lead to the creation of 5G networks and autonomous vehicles, will change how food is grown, distributed, and prepared, and will affect every industry. Other technologies, such as AI, blockchain, and hybrid clouds are causing employers to demand more employees with technology skills. But the education system is not producing enough technology workers to meet demand, requiring new educational initiatives and programs.

One such program is P-Tech, a new educational model for grades 9-14, which includes high school and two years after high school. Participating students can earn a high school diploma and an industry-recognized associate degree, and gain relevant work experience in a growing field. P-Tech readies students for the workforce with relevant, in-demand skills and produces the types of employees that many companies need. There are P-Tech schools in 13 countries and 11 states. IBM and about 500 companies support P-Tech.

“If you develop technologies you have a responsibility to bring them to society safely. That means readying the workforce.”

Ginni Rometty, Chairman, President & CEO, IBM
Maverick in Leadership Award
Edward W. Stack, Chairman & Chief Executive Officer, DICK’S Sporting Goods

Presented by Farooq Kathwari, Chairman, President & CEO, Ethan Allen; Kay Koplovitz, Founder, USA Networks and Managing Partner, Springboard Growth Capital; and Bill Peduto, Mayor, Pittsburgh, Pennsylvania

Chairman and CEO of DICK’S Sporting Goods, Edward Stack, was presented the Maverick in Leadership Award. Stack is one of America’s most admired retailers, growing DICK’S from four stores to more than 850. DICK’S is growing, with steady same-store sales and soaring ecommerce growth.

But what makes Stack a Maverick is the way he leads. In the aftermath of the Parkland, Florida, school shootings, Stack changed DICK’S policies about selling guns. He and the company’s management team decided that DICK’S would no longer sell assault-style rifles and high-capacity magazines, and would restrict gun sales to those over 21 years of age. Stack made this decision despite intense criticism and despite a negative impact to the company’s profits. He said his decision was not based on what was in the best interests of shareholders or investors; his decision was based on doing the right thing. Further, based on his commitment to youth and to making communities safe, he advocated for sensible gun reform.

Legend in Leadership Award
Virginia M. (Ginni) Rometty, Chairman, President & CEO, IBM Corporation

Presented by David P. Abney, Chairman & CEO, UPS; Ellen J. Kullman, Chair, Paradigms for Parity and Retired Chair & CEO, DuPont; and Indra K. Nooyi, Chairman & CEO (2006-2018), PepsiCo

Chairman, President, and CEO of IBM, Ginni Rometty, was presented with the Legend in Leadership Award. Rometty, a 36-year IBM veteran, is the first woman to lead the company. She has successfully engineered one of the largest transformations in U.S. business history, leading this iconic company into smart, responsible uses of technology to guide decision making.

Rometty has brought tremendous change to IBM’s business and culture. She has focused on emerging technologies such as AI, cloud computing, blockchain, and quantum computing, and has prioritized diversity and inclusion. She has also led IBM to invest significant time and money to reinvent education nationally, with initiatives focused on combining high school with a community college degree, mentoring, and internships.

She is a true trailblazer who is constantly looking at “what’s next.” Other CEOs who know her well describe Rometty as courageous, principled, and fearless.